

House File 680 - Introduced

HOUSE FILE 680

BY HANSON, HAGER, ABDUL-SAMAD,
and MOORE

A BILL FOR

1 An Act eliminating the property tax exemption for forest and
2 fruit-tree reservations.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 159.6, subsection 1, Code 2011, is
2 amended to read as follows:

3 1. a. Forest and fruit-tree reservations, chapter 427C.
4 b. This subsection is repealed on July 1, 2021.

5 Sec. 2. Section 427C.3, Code 2011, is amended to read as
6 follows:

7 **427C.3 Forest reservation.**

8 A forest reservation shall contain not less than two hundred
9 growing forest trees on each acre. If the area selected is a
10 forest containing the required number of growing forest trees,
11 it shall be accepted as a forest reservation under this chapter
12 provided application is made or on file on or before February
13 1, of the exemption year 2012. If any buildings are standing
14 on an area selected as a forest reservation under this section
15 or a fruit-tree reservation under section 427C.7, one acre of
16 that area shall be excluded from the tax exemption. However,
17 the exclusion of that acre shall not affect the area's meeting
18 the acreage requirement of section 427C.2.

19 Sec. 3. Section 427C.7, Code 2011, is amended to read as
20 follows:

21 **427C.7 Fruit-tree reservation — duration of exemption.**

22 A fruit-tree reservation shall contain on each acre,
23 at least forty apple trees, or seventy other fruit trees,
24 growing under proper care and annually pruned and sprayed.
25 A reservation may be claimed as a fruit-tree reservation,
26 under this chapter, for a period of eight years after planting
27 provided application is made or on file on or before February
28 1, of the exemption year 2012.

29 Sec. 4. Section 427C.12, unnumbered paragraph 2, Code 2011,
30 is amended to read as follows:

31 1. The board of supervisors shall designate the county
32 conservation board or the assessor who shall inspect the area
33 for which an application is filed for a fruit-tree or forest
34 reservation tax exemption before the application is accepted.
35 Use of aerial photographs may be substituted for on-site

1 inspection when appropriate. The application can only be
2 accepted if it meets the criteria established by the natural
3 resource commission to be a fruit-tree or forest reservation.
4 The assessor shall not receive an application for a new
5 fruit-tree reservation or forest reservation or a continuance
6 of an existing fruit-tree or forest reservation on or after
7 February 1, 2012. Once ~~the~~ an application has been accepted,
8 the area shall ~~continue to~~ receive the tax exemption during
9 each year in which the area is maintained as a fruit-tree or
10 forest reservation without the owner having to refile. If
11 the ~~property area~~ is sold or transferred, the seller shall
12 notify the buyer that all, or part of, the property area is in
13 fruit-tree or forest reservation and subject to the recapture
14 tax provisions of this section. The tax exemption shall
15 continue to be granted for the remainder of the eight-year
16 period for fruit-tree reservation and for the following
17 years for forest reservation or until the property no longer
18 qualifies as a fruit-tree or forest reservation each year until
19 the tax exemption expires as provided in this subsection. The
20 area may be inspected each year by the county conservation
21 board or the assessor to determine if the area is maintained as
22 a fruit-tree or forest reservation. The area shall receive the
23 tax exemption until the earlier of the following dates:
24 a. The date that the tax exemption granted to a fruit-tree
25 reservation expires as provided in section 427C.7. The tax
26 exemption shall not be continued beyond that date.
27 b. The date that the area no longer qualifies as a
28 fruit-tree or forest reservation as provided in this chapter.
29 c. The last date of the tax year ending in 2021.
30 2. If the area receiving the tax exemption is not maintained
31 or is used for economic gain other than as a fruit-tree
32 reservation during any year of the eight-year exemption
33 period and any year of the following five years or as a forest
34 reservation during any year for which the exemption is granted
35 and any of the five years following those exemption years,

1 the assessor shall assess the property for taxation at its
2 fair market value as of January 1 of that year and in addition
3 the area shall be subject to a recapture tax. However, the
4 area shall not be subject to the recapture tax if the owner,
5 including one possessing under a contract of sale, and the
6 owner's direct antecedents or descendants have owned the
7 area for more than ten years. The tax shall be computed by
8 multiplying the consolidated levy for each of those years, if
9 any, of the five preceding years for which the area received
10 the exemption for fruit-tree or forest reservation times the
11 assessed value of the area that would have been taxed but
12 for the tax exemption. This tax shall be entered against
13 the property on the tax list for the current year and shall
14 constitute a lien against the property in the same manner as
15 a lien for property taxes. The tax when collected shall be
16 apportioned in the manner provided for the apportionment of the
17 property taxes for the applicable tax year.

18 3. Nothing in this section shall require a person to comply
19 with the requirements of this chapter after the last date of
20 the person's tax year ending in 2021.

21 **Sec. 5. NEW SECTION. 427C.14 Repeal.**

22 This chapter is repealed on July 1, 2021.

23 **Sec. 6. Section 441.22, Code 2011, is amended to read as**
24 **follows:**

25 **441.22 Forest and fruit-tree reservations.**

26 1. Forest and fruit-tree reservations fulfilling the
27 conditions of sections 427C.1 to 427C.13 shall be exempt from
28 taxation. In all other cases where trees are planted upon
29 any tract of land, without regard to area, for forest, fruit,
30 shade, or ornamental purposes, or for windbreaks, the assessor
31 shall not increase the valuation of the property because of
32 such improvements.

33 2. This section is repealed on July 1, 2021.

34 **EXPLANATION**

35 This bill eliminates provisions providing an exemption from

1 property taxes for land established as a forest or fruit-tree
2 reservation. In order to qualify for the tax exemption, a
3 forest reservation must have a minimum of two acres with not
4 less than 200 trees per acre and a fruit-tree reservation must
5 have at least 10 acres with at least 40 apple trees or 70
6 other fruit trees. The exemption applies in perpetuity for
7 forest tree reservations (Code section 427C.2) and eight years
8 for fruit-tree reservations (Code section 427C.7). Neither
9 reservation can be used for grazing livestock or economic gain
10 (Code section 427C.10). In order to qualify for the exemption,
11 an application must be filed with the assessor by February 1
12 (Code sections 427C.3 and 427C.7). The owner is required to
13 maintain the area as a reservation and not use the area for
14 economic gain for five years following the last exemption year
15 (Code section 427C.12).

16 The bill provides that an application must be filed and
17 accepted on or before February 1, 2012. For a fruit-tree
18 reservation, the tax exemption expires at the end of its
19 eight-year term, and for a forest tree reservation, the tax
20 exemption expires on the last date of the tax year ending in
21 2021. In both cases, the tax credit expires earlier if the
22 area is no longer eligible.